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REPORT OF THE SECRETARY-GENERAL ON THE UNITED NATIONS TRANSITIONAL ADMINISTRATION FOR EASTERN SLAVONIA, BARANJA AND WESTERN SIRMIUM

I. INTRODUCTION

1. The present report is submitted pursuant to paragraphs 4 and 9 of Security Council resolution 1037 (1996) of 15 January 1996. It summarizes the major activities of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) in the region of Eastern Slavonia, Baranja and Western Sirmium (hereafter referred to as the region) since my last report of 1 October 1996 (S/1996/821), identifies the present challenges and future tasks of the mission and contains my recommendations.

II. POLITICAL ASPECTS

2. In my previous report to the Council, I noted that, for further progress to be made, the parties must improve their level of cooperation with UNTAES and take positive steps to foster a constructive atmosphere (ibid., para. 16). I regret that I am not in a position to report an improvement in the level of cooperation of the Government of Croatia with UNTAES. On 27 September, the House of Representatives of the Croatian Parliament unanimously adopted a non-binding resolution calling for the termination of the mandate of UNTAES on 15 January 1997 and for elections to be held in the region by 15 December 1996. While Croatian officials have expressed support for UNTAES in private meetings and made conciliatory statements to local Serb leaders, the resolution was not opposed by the Government of Croatia nor did the Government explain the commitments it undertook when it signed the Basic Agreement of 12 November 1995 (A/50/757-S/1995/951, annex). Throughout October there have been increasingly hostile and aggressive statements against UNTAES in the media, and by the Government, including statements by the Croatian Minister of Defence threatening military action if the region is not returned by April 1997. Further instances of non-cooperation by the Croatian authorities included last-minute withdrawal from joint Serb-Croat demining training organized and financed by the United States Demining Coordination Centre in Sarajevo, and prohibition of Croatian

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participation in the UNTAES market day on 12 October on unsubstantiated grounds of a threat to public health. As a result, apprehension and anxiety among Serb residents in the region has increased, further strengthening hardline Serb elements.

3. On 7 October, as part of regular consultations, the Transitional Administrator met with President Slobodan Milošević, who expressed full support for UNTAES, undertook to meet with local hardline Serb leaders to urge them to cooperate with UNTAES and stated his wish to see an extension of the mandate for an additional year. President Milošević indicated that local Serb leaders had been advised that the Serb population should apply for Croatian documents and seek benefits, such as pensions and other allowances, from the Government of Croatia. President Milošević also held out the prospect of Yugoslav citizenship to Serbs who acquire Croatian citizenship, should they decide to leave the region during the next three years following the normalization of relations between the Federal Republic of Yugoslavia and Croatia. While this is helpful in strengthening the position of moderate Serb leaders, hardliners have nonetheless continued to block progress in areas under their control, particularly in parts of the Baranja.

4. On 8 October, the Transitional Administrator met with President Tudjman and key members of the Government of Croatia to seek full cooperation in fulfilling its obligations and commitments. The Transitional Administrator outlined his serious concerns about the confrontational atmosphere that had been developing and criticized the orchestrated attack on UNTAES in the Croatian media, which appeared to be related to domestic political factors and not to the activities of UNTAES on the ground. The President promised full cooperation with UNTAES to enable speedy completion of its tasks and indicated that he was prepared to make significant conciliatory gestures towards Serbs in the region.

5. President Tudjman sought the Transitional Administrator's support for the holding of elections in December 1996 and for the termination of the UNTAES mandate 30 days thereafter. The Transitional Administrator emphasized that decisions concerning the duration and nature of the UNTAES mandate lay with the Security Council based on recommendations from the Secretary-General. He said the completion of UNTAES tasks depended on the extent of the cooperation received from the parties, which had recently been lacking from the Croatian side in important areas. As a statement of operational intent, and in keeping with the responsibilities entrusted to him, the Transitional Administrator stated that he had the goal of completing the principal tasks of the UNTAES mandate by early spring 1997, while progressively returning the region to Croatian control with a completion date no later than the early part of summer. This statement of operational intent was, regrettably, misrepresented in the Croatian media.

III. MILITARY ASPECTS

6. The military situation outside the region continues to be calm and stable. Activity by the armed forces of Croatia and the Federal Republic of Yugoslavia is limited to routine training. On 9 October, however, there was a potentially dangerous development, when the Yugoslav Army deployed several tanks in the

immediate vicinity of the border with Croatia east of Lipovac. According to the Yugoslav military authorities, the presence of the tanks was part of a normal autumn training exercise. The unannounced military deployment so close to the international border could have provoked similar action by the Croatian military, which in turn would have led to an increase in tension and affected mutual confidence. The tanks were promptly withdrawn after a protest by UNTAES.

7. The military situation within the region has remained quiet. The number of incidents of undisciplined fire with small arms, mostly in urban areas, has been low. The UNTAES military presence has continued to contribute to the maintenance of peace and security and provide confidence to the local population. Its activities have included continued monitoring to ensure the region remains demilitarized, supervision of demining, close air support training in cooperation with the Implementation Force (IFOR) and humanitarian assistance. On 2 October, a weapons buy-back programme was launched in cooperation with the Croatian authorities. During the first three weeks, over 6,000 rifles, automatic weapons, hand and rifle grenades, and portable anti-tank rocket launchers, as well as some 56,000 rounds of ammunition of various calibres, were exchanged for cash provided by the Government of Croatia. However, it is believed that considerable numbers of small weapons remain in private hands.

IV. CIVILIAN ASPECTS

8. Substantial progress has been recorded in the Joint Implementation Committees. On 16 October, after two months of difficult negotiations in the Joint Implementation Committee on Agriculture, representatives of the two sides signed a memorandum of understanding on Croatian Government financing of approximately $3.7 million for autumn season planting in the region and the reintegration of the agricultural holding companies. The purpose of the memorandum of understanding is to encourage the commencement of efficient and viable economic activity in agriculture between the region and the rest of Croatia by making available agricultural inputs and financing from Croatia and opening the Croatian market to produce from the region. The reintegration of the large public agricultural holding companies, which account for the majority of employment in the region, is expected to improve the prospects for employment of those remaining in and returning to the region. Reintegration of the companies is expected to be completed by 15 April 1997.

9. In the Joint Implementation Committee on Public Services and Utilities, both sides have agreed that the local Serb telecommunications and postal services will be reintegrated into the Croatian national components, with the Croatian side providing guarantees of continued employment for local Serb employees. Similar progress has been achieved on railways, while negotiations are continuing on the reintegration of the regional electricity company into the national company. Preliminary discussions are under way in the Joint Implementation Committee on Human Rights with a view to establishing a mechanism for the redress of individual cases of human rights violations.

10. The UNTAES Croatian document centres have continued to operate at five locations in the region despite some obstacles imposed by hardline local Serb

politicians, especially in the municipality of Beli Manastir in the Baranja. Although by 20 October over 15,000 residents of the region had applied for Croatian documents, a sizeable gap persists between presentation of applications and issuing of documents. The Government of Croatia has indicated that it will substantially increase the rate at which these documents are issued. It has also provided a mobile document centre that tours village-by-village as conditions permit.

11. Together with the Office of the United Nations High Commissioner for Refugees (UNHCR), the Civil Affairs Division has continued to facilitate returns of some 80 displaced persons to Western Slavonia from the region. Regrettably, these returns continue to be isolated cases. Local apprehension about returns elsewhere in Croatia has increased as a result of the continuing incidence of bombings, lootings, intimidation and murder of Serbs in former Sectors North and South. UNTAES also facilitated the return of two Croat displaced persons to their villages in the region. On 13 October, UNTAES conducted a visit by 20 refugees living in Hungary to their village of Kopacevo in the Baranja. Reconstruction in the villages of Lipovac, Apsevci and Podgrade has proceeded well and, with effect from 1 November, the Transitional Administrator intends to give full and open access to these villages to Croat displaced persons wishing to return to their homes. The villages will remain under the control of UNTAES: the Transitional Police Force will maintain law and order and UNTAES military patrols will be continued.

12. Since 16 July, a total of 92 United Nations Volunteers have been working with UNTAES. While their primary task is to conduct humanitarian surveys throughout the region, they are also providing assistance in UNTAES document centres, the establishment of a human rights database, property issues, general administration and the preparations of local elections.

A. Elections

13. The Chief Electoral Officer and his deputy arrived in the mission area in late September and met with senior Croatian Government officials and local Serb authorities. The first meeting of the Joint Implementation Committee on Elections was held on 16 October. The atmosphere was business-like and constructive although the initial positions of the parties were divergent. The Committee agreed to meet initially on a weekly basis with a view to more frequent meetings as discussions progress. An immediate priority for UNTAES is to establish the administrative and technical infrastructure required for elections.

B. Transitional Police Force

14. The present strength of the Transitional Police Force is 1,512, consisting of 1,337 Serbs and 175 Croats. The current aim is to increase the number of Croats by 40 to 50 per month. An agreement reached on 28 August between UNTAES and the Ministry of the Interior concerning Croatia's contribution to the payment of operating costs of the Police Force was reversed by that same Ministry during a follow-up meeting on 16 October. The Ministry's position is

that the payment of those costs is included in the monthly 4.5 million kunas the Government agreed to contribute to the financing of the region. As this payment is already insufficient to cover the needs of the region's public services, the Transitional Administrator will continue to press the Government to provide supplementary funds for the operating costs of the Force as agreed. In this context, Croatian funds for salaries for August were received only on 8 October, instead of the due date of 10 September. Salaries for September were paid in the third week of October. Delays in the reception of equipment and resources and late payment of monthly salaries have undermined UNTAES efforts to build good morale and reliability in the Transitional Police Force. This increases uncertainties about its future.

15. In spite of these difficulties, the operational efficiency of the Force has continued to improve. Because of the difficult material circumstances described above and the resistance of some individuals in the region, expectations regarding the Force must be realistic and its limitations recognized. To improve its professionalism, training courses on human rights and crowd control have been conducted in the region by the International Criminal Investigation and Training Assistance Programme of the United States Government. Further training is planned for the coming months.

C. Border monitoring

16. With a present strength of 39 monitors, staffing of the border monitoring unit remains below 50 per cent of its mandated strength. With such numbers, UNTAES cannot maintain effective round-the-clock observation of the international border crossing points in the region. Movement of persons across the border is expected to increase in coming months and efforts will be made to bring the monitors up to strength. During October, discussions have been held between the Croatian Ministries of Finance and of the Interior, UNTAES and the local Serb authorities with a view to establishing a transitional customs and immigration service of Serbs and Croats by 1 November, or as soon thereafter as practicable.

17. The border monitoring unit has, within its limited capacity, carefully monitored the cross-border movement of families into and out of the region. Between 16 June and 24 October, a total of 166 families were observed moving to the Federal Republic of Yugoslavia from the region. Twelve families moved into the region. One hundred and fifty of the family movements from the region occurred between 1 September and 24 October 1996. Most movements from the region have occurred from the area of Baranja, in the northern part of the region. However, the possibility of departures from the southern part cannot be ruled out, owing to the presence of unofficial land crossings between the region and the Federal Republic of Yugoslavia in this area and the difficulties faced by UNTAES in monitoring these crossings as a result of insufficient personnel.

D. Public affairs

18. UNTAES Radio has expanded its broadcasting capacity to three hours daily, during prime time, on Radio Vukovar. This has enabled the mission to

disseminate more effectively feature stories of particular relevance to the local population, including the ongoing weapons buy-back programme in the region. The technical quality of UNTAES Radio broadcasts has also been improved by the installation of its own production studios with a capability for live broadcasts from UNTAES headquarters via telephone to Radio Vukovar. Separately, the UNTAES market days have continued to be a useful avenue for enhanced dissemination of UNTAES information products. Public affairs assistance to the team from the International Tribunal for the Former Yugoslavia that conducted exhumations at the mass grave at Ovcara, contributed to a balanced, dignified and non-sensational coverage of the exhumations.

V. CHALLENGES AND TASKS

19. The process of peaceful reintegration following five years of war is necessarily complex and difficult. In the UNTAES area of responsibility, the tasks of reintegration are even more challenging because of the large number of displaced persons living within and outside the region who wish to return home and also because of the level of physical destruction and the psychological and emotional scars caused by the war. UNTAES has made considerable progress in the six months since its full deployment in the region, but major challenges lie ahead. As an aid for planning, UNTAES has developed specific targets, including tasks to be achieved and dates for their achievement, for the completion of its principal responsibilities.

20. On the military side, since demilitarization, the tasks have become primarily routine and directed at further decreasing the number of weapons that remain in the region through the weapons buy-back programme financed by the Government of Croatia. With respect to the Transitional Police Force, the development of a dependable multiethnic force able to maintain law and order effectively and give confidence to returning Croats and remaining Serbs is a long-term task. One essential prerequisite is that the Government pay salaries and operational costs in a timely fashion, another being that Serbs who are currently members of the Force and who intend to remain in the region should apply for Croatian citizenship documents. In November, a transitional customs and immigration service comprised of Serbs and Croats will be established under principles similar to the Transitional Police Force and deployed at all international border crossings in the region. Owing to the complexities of customs regulations, substantial training will be required before the service is fully professional. For five years, access to the region from Serbia and vice versa has been based on procedures that provide insufficient control for an international border. The introduction of tighter procedures will have to be carefully phased in to avoid increasing the apprehension of local Serbs.

21. Integration of the administrative systems of the region has begun, but involves highly complex technical and legal questions. The first priority has been to establish Croatian document centres in the region to issue citizenship papers, passports, birth and other certificates, and health and social service documents. As mentioned in paragraph 10 above, in the first two months of operations, over 15,000 applications were received. Approximately two thirds of these have been processed. With a potential pool of over 100,000 applicants, this process would take some 20 months to complete if the current issuing rate

is maintained. Intensive discussions are continuing with the Government of Croatia to establish a programme for the issuance of up to 100,000 citizenship documents by March 1997 in accordance with Croatian legal procedures, in order to provide their recipients with the necessary confidence that these documents will be valid after the UNTAES departure.

22. Discussions on the reintegration of the local legal system between the Croatian Minister of Justice and the local judiciary began in October. At issue is the validity of legal decisions taken during the "Republic of Serb Krajina" period, including the validity of documents issued, the introduction of Croatian laws and regulations and the reintegration of the administration of justice, including penal institutions. As part of the full reintroduction of Croatian law, a substantial media campaign will have to be undertaken to inform residents of legal changes that have occurred over the past five years. Separately, a potentially difficult process will be the registration of local vehicles with Croatian Motor Vehicle Authorities, which could expose the Serb vehicle owners to harassment by Serb extremists. UNTAES is pursuing a policy of progressively easing vehicle access to and from other parts of Croatia. However, once vehicles from the region are registered in Croatia, UNTAES control of vehicle access by undesirable elements from outside the region will be more difficult.

23. It is intended that the transition of local administrative structures in the region should commence in November with the phased introduction of Croatian officials as liaison officers to local departments of administration, while harmonizing local practices with Croatian standards prior to formal reintegration. Integration of state and semi-state enterprises requires negotiations at individual company level. A more forthcoming attitude by the management of the local Serb petroleum company NIK could have facilitated the transfer of assets to the Croatian company INA, which has still not occurred after three months of negotiations. While some encouraging progress has been achieved, integration of local roads, railways, water supply and transport companies is unlikely to occur before January 1997. It is expected that the integration of electricity and telephone companies will take longer.

24. The tasks of economic reconstruction and revitalization are expected to continue well beyond the UNTAES presence. Meanwhile, UNTAES is playing an important role in preparing project documentation, arranging an international donors' conference to be held in December and facilitating studies by international financial institutions. To promote reintegration, UNTAES will continue to phase in the Croatian kuna and intends to establish Croatian banking facilities in the region in November, with the aim of completing the conversion of the payments system before January 1997. A high priority is the generation of employment opportunities for both those who remain and those returning to the region.

25. The choice of the date for the elections is dependent first and foremost on the resolution of outstanding policy issues (S/1996/705, para. 16) and, subsequently, on technical, procedural and support questions flowing from the agreed policy framework. Essential policy preconditions that require agreement are as follows: the criteria for determining eligibility of persons to vote; the representative institutions to be elected and the system of representation; the legal framework to be applied for the elections; and the principles of

electoral delimitation for the units of local government. The negotiations between the parties on these fundamental preconditions, which began recently, reveal that on each of these issues the parties hold very firm and divergent positions. Once these fundamental policy issues have been resolved, approximately 140 days will be required for the resolution and implementation of pending technical and support aspects, such as public information programmes, registration of voters, candidacy nomination and campaigning, staff training, data and systems verification and materials supply, to ensure that the electoral process is conducted in a fair manner.

26. Progress in the broader key areas will thus obviously affect the ability to deliver the electoral outcomes required within the target period. It is likely that the Government of Croatia will insist that the possession of Croatian citizenship documentation be an essential prerequisite for registration of voters. Current forecasts indicate March 1997 as the earliest realistic date by which all eligible inhabitants of the region who wish to apply will have received citizenship documents. Even allowing for some simultaneous processing of citizenship and voter registration documentation, a subsequent period of at least four weeks will be required for the full validation of voter registration records and the preparation of voter rolls prior to candidacy nominations.

27. The return of displaced persons is a step-by-step process that depends upon the availability of housing, the extent of demining where necessary, the effective maintenance of law and order and social and psychological preparation of both those who return and those who stay. It is expected that by the onset of winter, when demining and external reconstruction will not be possible, over 2,000 Croat displaced persons will have been able to return to their homes. The winter period will be used to prepare for substantial returns in the spring and summer of 1997. A forthcoming attitude by the Government of Croatia regarding the return of Serbs to other parts of Croatia would greatly assist in releasing housing for Croat returnees to the region.

28. Looking ahead, the UNTAES assessment is that with full cooperation from both sides, it should be possible for it to complete its primary tasks by early summer of 1997. Thereafter, it will be necessary to envisage modalities for the transition to the long-term monitoring and observation arrangements envisaged in paragraph 10 of the Basic Agreement.

VI. OBSERVATIONS

29. In paragraph 9 of its resolution 1037 (1996), the Security Council requested the Secretary-General, inter alia, to report on the implementation of the Basic Agreement. The UNTAES mission has been in existence for nine months. In the six months since the full deployment of UNTAES troops and civilian staff, demilitarization has been completed, the Transitional Police Force has been established, integration of waterways, railways and roads is in hand and postal and telephone services have been reconnected with Croatian systems. This has permitted the resumption of communication, travel and commerce between people who have been separated for five years. Strenuous efforts have been made to attract international financial assistance for the economic reconstruction and

revitalization of the region. The first disbursements are now being made. Croatian funding has also been secured for local agriculture.

30. The process of face-to-face political dialogue was instrumental in the achievement of a satisfactory amnesty law. Over 10 per cent of residents have applied for Croatian citizenship and the number is increasing. More than 45,000 Serbs and Croats have participated at the seven UNTAES market days, thus contributing to a reduction of individual hostility and suspicion. Over 13,000 individual family reunion meetings have taken place. The first four pilot project villages with over 600 houses have been demined and reconstruction is at a stage where Croat displaced persons may return in November. In the central part of the region, demining has commenced in several villages containing over 1,000 houses for returns expected in the spring.

31. Building on the progress that has been achieved, UNTAES has set a realistic target plan for the fulfilment of the remaining tasks of its mandate. But it must be stressed that the achievement of the plan is dependent on the full and timely cooperation of the parties. While extremists on both sides seek to disrupt UNTAES implementation of the Basic Agreement programme, it is of particular concern that the Government of Croatia, which should be leading the way to peaceful reintegration and reconciliation, has not been fully forthcoming in meeting its commitments and obligations. An atmosphere of confrontation and obstruction has developed that appears to be related more to domestic political concerns than to the work of UNTAES. This has increased the anxiety and fears of current residents of the region, playing into the hands of Serb hardliners whose obstructionism, in turn, fuels extremists on the Croatian side.

32. A most urgent requirement for the successful completion of the UNTAES mission is to terminate the uncertainty about the duration of its mandate. As I noted in my report to the Security Council on 5 August 1996 (S/1996/622), this issue is inhibiting the ability of the mission to operate effectively and has become a major source of political ferment in the region. It is clear that the completion of the tasks of UNTAES within the present mandate period is impossible. UNTAES is already having to plan and prepare for events, such as elections, that extend well beyond 15 January 1997. Moreover, a decision by the Council to extend the mandate will discourage those who hold the false belief that political pressure will cause the mission to compromise on the performance of its tasks and full realization of its mandate, and therefore seek to obstruct it.

33. The international community has made a substantial commitment to the peaceful reintegration of the region of Eastern Slavonia, Baranja and Western Sirmium into Croatia in accordance with the Basic Agreement. The presence of UNTAES has also significantly contributed to the normalization of relations between the Republic of Croatia and the Federal Republic of Yugoslavia and has played an important role in promoting wider regional stabilization, including in Bosnia and Herzegovina. However, the climate of uncertainty and agitation that has developed over the past two months threatens to undermine the progress of the mission.

34. In a presidential statement of 15 August (S/PRST/1996/35), the members of the Security Council affirmed its readiness to consider extending the mandate of UNTAES on the basis of a recommendation I might wish to make. It is my belief that, provided full cooperation by the Government of Croatia and local Serbs is forthcoming, UNTAES should be able to complete its primary tasks by July 1997. The situation at that time may, however, be volatile and a continued international presence may prove vital for the maintenance of peace and stability, especially in the transition to long-term monitoring and observation, as envisaged in the Basic Agreement. Depending on developments, an appropriately restructured UNTAES may be in the best position to provide that presence.

35. In view of the above, I therefore recommend that the Council extend the current mandate of UNTAES by six months, to end on 15 July 1997, in the expectation that the Government of Croatia will extend its cooperation as necessary for the completion of the different tasks for UNTAES. The Council may also wish to give consideration, at this time, to the need to make appropriate arrangements for a further six-month presence until the end of a two-year transitional period. This follow-on mission would be designed to monitor the parties' compliance with their commitments as outlined in the Basic Agreement and to promote an atmosphere of confidence among all local residents, while facilitating the establishment of a long-term monitoring and observation presence. For the reasons described above, an early decision would be needed in order to avoid a further period of pressure and political turmoil during which UNTAES would be diverted from its main tasks.

36. I would like to take this opportunity to pay tribute to the troop-contributing countries for their contribution to the success of UNTAES. I should like also to pay tribute to the Transitional Administrator, Jacques Paul Klein, and to the dedicated civilian and military personnel of UNTAES for their performance, commitment and service to the international community.